From:	Avi Tiomkin <ATiomkin@atglobalcap.com>
To:	ehud barak <ehbarak1@gmail.com>
CC:	Nili Priell Barak (nilipriell@gmail.com) <nilipriell@gmail.com>
Date:	Thu, 10/30/2014 10:03:35 PM
Subject:	FW: Oligarchs (ex...) -Russia wins court approval to seize Bashneftfrom tycoon Yevtushenkov

---

UPDATE 3-Russia wins court approval to seize Bashneft from tycoon Yevtushenkov
30-Oct-2014 19:10

* Kremlin has been gathering oil assets after privatisation
* Sistema's owner is under house arrest
* Sistema, Bashneft shares rise as no additional claims made

(Adds Sistema comments in paragraphs 6,7)

By Denis Pinchuk and Vladimir Soldatkin

MOSCOW, Oct 30 (Reuters) - Russia won court approval on Thursday to seize shares held by a billionaire businessman's company in oil producer Bashneft <BANE.MM> over its "improper privatisation", marking a success for the latest state move to reclaim prized corporate assets.

Moscow's Arbitration Court ruled in favour of prosecutors who said Bashneft was unlawfully sold to local authorities in the early 2000s before being sold in 2009 to oil-to-telecoms conglomerate Sistema <AFKS.MM>, controlled by tycoon Vladimir Yevtushenkov.

Judge Olga Alexandrova said shares held by Sistema would be moved to Russian property fund Rosimushchestvo, which manages state-owned assets. She said Sistema, which denies the allegations, had a month in which to appeal.

The decision is the latest move allowing the return to state control of oil and gas assets sold off in the rapid and chaotic privatisations of the 1990s after the Soviet Union collapsed. It follows the $55 billion acquisition of Anglo-Russian oil group TNK-BP by Kremlin-controlled Rosneft <ROSN.MM>.

Yevtushenkov, one of Russia's richest men, has been placed under house arrest on suspicion of money laundering related to the acquisition of Bashneft. The company denies the charges.

Sistema said in a statement that it disagreed with the court decision and was considering an appeal. If it submits the appeal within the one month period, Thursday's decision will not come into force until an appeals court rules on the case.

The decision does not affect activities of its units, Sistema said, but it warned that the litigation could have "a significant negative impact" on its investment strategy, financial condition and financial obligations.

Sistema directly owns almost 72 percent of Bashneft's voting shares and has an overall stake of 86.7 percent.

The case has caused an outcry in Russia's business community and drawn comparisons with the case of Mikhail Khodorkovsky, once Russia's richest man and head of now defunct oil producer Yukos. He was arrested on fraud and tax evasion charges in 2003 and jailed after falling out with President Vladimir Putin.

Last month, Putin, facing a crisis in relations with the

West over Ukraine and an economic downturn in which oil prices have fallen and the rouble has sunk, said he would not meddle into the Bashneft case. [ID:nL6N0RX2NE]

Rosneft, led by Putin ally Igor Sechin, has dismissed suggestions it will take control of Bashneft. [ID:nL5N0SO618]

DIVIDEND ISSUE

Some investors have expressed concern about what will happen to Sistema's dividends from Bashneft as investigators have sought to seize them at earlier court hearings. The issue of dividends was not raised on Thursday.

"If confirmed, no additional demands would be a strong positive surprise for Sistema's shareholders, as the risk of the claims for return of the dividends was perceived as high prior to the hearing," Igor Goncharov, senior equity analyst at BCS Financial Group, wrote in a research note.

After the ruling, Sistema shares pared gains and were up 3.1 percent after rising as much as 16 percent earlier. Bashneft shares were up 7.2 percent in late afternoon trade.

Sistema shares had shed almost 70 percent of their value since January, losing 318 billion roubles ($7.3 billion) in market capitalisation.

Yulia Bushueva, a managing director at asset manager Arbat Capital, said investors had priced in Bashneft going back under state control. "The key issue for the investment community now is whether the state would go after Sistema’s prized asset, MTS, and whether Yevtushenkov can keep it," she said.

Russian mobile phone operator MTS <MTSS.MM> <MBT.N> and Bashneft are Sistema's biggest businesses and have been its main source of dividends.

Sistema bought Bashneft in 2009 from local authorities for $2.5 billion and quickly increased oil production at the company after employing modern drilling methods.

Bashneft, Russia's sixth-largest crude oil producer, extracted more than 16 million tonnes (320,000 barrels) per day of crude oil last year, a more than 4 percent increase on the year before.

(Additional reporting by Zlata Garasyuta and Katya Golubkova; Editing by David Holmes and Emelia Sithole-Matarise)
((vladimir.soldatkin@thomsonreuters.com; +7 495 775 12 42; Reuters Messaging: vladimir.soldatkin.thomsonreuters.com@reuters.net))

Keywords: RUSSIA BASHNEFT/COURTS

nL5N0SP3FZ

(C) Thomson Reuters 2014. All rights reserved.The Thomson Reuters content received through this service is the intellectual property of Thomson Reuters or its third party suppliers. Republication or redistribution of content provided by Thomson Reuters is expressly prohibited without the prior written consent of Thomson Reuters, except where permitted by the terms of

the relevant Thomson Reuters service agreement. Neither Thomson Reuters nor its third party suppliers shall be liable for any errors, omissions or delays in content, or for any actions taken in reliance thereon. Thomson Reuters and its logo are registered trademarks or trademarks of the Thomson Reuters group of companies around the world.